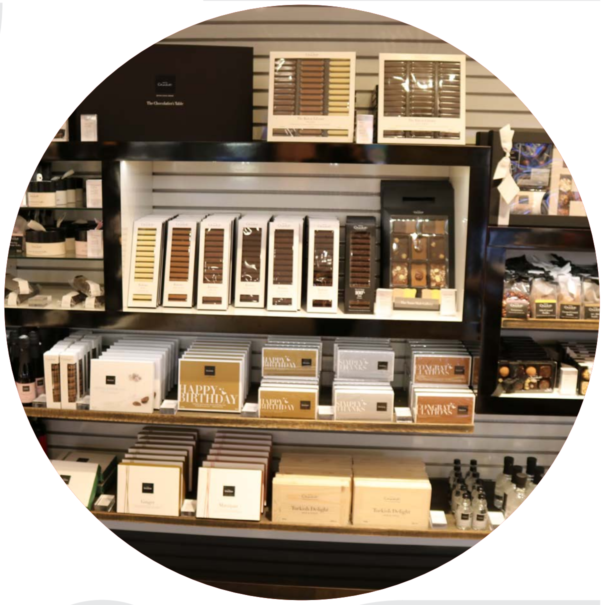
SandpiperCI

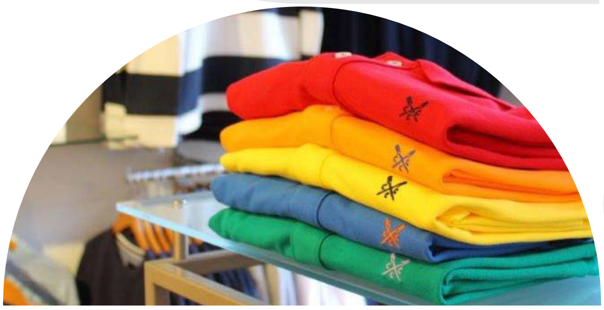
LOCALLY OWNED. LOCALLY MANAGED.

Annual Report

DIRECTORS' REPORT & CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 29 January 2022





Contents

Section 1

Management report

Company information

Directors

The Directors who served throughout the year and up to the date of signing these financial statements were as follows:

A T J O'Neill	Executive Chairman
D S Wilson (appointed 20 September 2021)	Executive Director
A J van der Hoorn (resigned 31 October 2021)	Executive Director
M J Rutter (appointed 1 August 2021)	Executive Director
S J A Harrison	Non-Executive Director
J R Ravenscroft	Non-Executive Director
T R Scott	Non-Executive Director

Registered number

97651 (Jersey)

Company Secretary

A J van der Hoorn
(resigned 20 September 2021)

D S Wilson
(appointed 20 September 2021)

Registered office

1-2 L'Avenue Le Bas
Longueville
St Saviour
Jersey
JE4 8NB

Independent auditor

BDO LLP

Arcadia House
Maritime Walk
Ocean Village
Southampton
England
SO14 3TL

Listing sponsor

Ravenscroft Consultancy & Listing Services Limited

PO Box 222
20 New Street
St Peter Port
Guernsey
GY1 4JG

Registrar

Link Market Services (Jersey) Limited

12 Castle Street
St Helier
Jersey
JE2 3RT

Board of Directors

The Board comprises three Executive Directors and three Non-Executive Directors.

Tony O'Neill
Executive Chairman

Tony was Chief Executive Officer of the Company from its buyout in August 2007 until his appointment as Executive Chairman in November 2019. He spent 13 years at Marks & Spencer rising to a senior executive position. He subsequently worked for Somerfield where he held the following main Board positions – Managing Director Convenience Division, Buying Director, Group Operations Director and finally Managing Director of Somerfield Stores. After completing the Advanced Management Programme at Harvard Business School, he then worked for a number of private equity groups on turnarounds.

Dan Wilson
CFO and Company Secretary

Dan was appointed as Chief Financial Officer and Company Secretary in September 2021. He previously spent 12 years with Tesco PLC in a number of senior finance roles spanning the UK, Central Europe and Asia, and four years with Whitbread PLC. Dan started his career with KPMG in the City of London and is a fellow of the Institute of Chartered Accountants in England and Wales.

Mike Rutter
Retail Managing Director

Mike was appointed to the Board in August 2021, having acted as Retail Managing Director since November 2019. Prior to his appointment as Retail Managing Director, Mike held a number of senior executive roles within SandpiperCI during the preceding twelve years, including Managing Director of Marks & Spencer (Jersey) and Managing Director of the Food Retail division. He previously spent six years at Somerfield holding the positions of Supply Chain Director and Business Transformation Director.

Stephen Harrison
Non-Executive Director

Upon the listing of the Company in May 2019, and after 11 years as Group Finance Director and Secretary, Stephen moved into a Non-Executive Director role and is Chairman of the Audit Committee. Prior to joining the Company, he held senior divisional finance director roles at Northern Foods PLC and was finance director of several companies including Dollond & Aitchison Limited and Leeds United PLC. Stephen has Na MSc in Management (now MBA) from the London Business School.

Jon Ravenscroft
Non-Executive Director

Jon has enjoyed over 35 years in investments and corporate finance and is a Fellow of the Chartered Institute for Securities & Investment. He founded Ravenscroft (CI) Limited (formerly Cenkos Channel Islands Limited) in 2005. Jon has extensive experience of investing in, mentoring and advising Channel Islands' companies over these years and has been instrumental in establishing local funds which provide the opportunity to invest into local businessess and commercial property. Jon joined the Board in December 2017.

Tom Scott
Non-Executive Director

Tom is a director and one of the ultimate beneficial owners of Sealyham Investments Limited, a significant investor in the Company. Tom, who is a Chartered Accountant, joined the Board in February 2016 and is Chairman of the Remuneration Committee. He previously served as a non-executive director of C.I. Traders Limited and Ann Street Brewery Limited. His other principal areas of interest are in commercial property development in the Channel Islands, Leicester Tigers rugby club and general financial, retail and leisure investments.

Executive Chairman's review

At the outset, I must once again give huge credit to all of my colleagues who did an outstanding job in navigating the ongoing pandemic in what was once again a very challenging year for our business. In that context, I am delighted to report another outstanding performance. Our Food Retail stores continued their industry beating performance, delivering like-for-like sales growth over two years of 16%. Over the same two-year period our trading EBITDA has grown by 18% on a 52-week basis, and 12% over the past financial year.

Shopping patterns and behaviour have changed markedly over the last two years with many people preferring to shop locally, and little and often, rather than visit a large supermarket for the big weekly shop. Our portfolio of blue chip community shops located across nearly every parish in the islands is perfectly positioned to meet these needs.

A special mention for Le Cocq's Stores in Alderney, which we purchased in October 2021 and which has consolidated its excellent start to trading under our ownership. We have recently completed a significant upgrade to our Alderney stores, spending a six figure sum, and also purchased Richards, the main post office in the island, as we seek to widen our footprint.

Our non-food shops again encountered some Covid forced closures but, against the prior year, showed significant growth. Town centre footfall is not yet back to pre-pandemic levels but it is clear that people are keen to shop and socialise and the trend line is encouraging.

The last year has not been without its supply chain difficulties. Food manufacturers curtailed some of the more peripheral lines in their production and many of our non-food ranges were impacted by Covid-related restrictions. Unfortunately, as these have begun to ease, more challenges have arisen following the war in Ukraine and ongoing Brexit-related issues at UK ports of entry. At the time of writing, it is difficult to predict what the immediate future impact will be, but we continue to work closely with our blue chip franchise partners to minimise the impact on our customers.

Food retail two-year like-for-like sales up 16%

Gross revenues up 5%

Trading EBITDA growth of 12%

Similarly, the growth of serious inflationary pressures across all sectors has been well documented and currently shows no sign of abatement in either our cost lines or retail prices. We have an unremitting focus on our overheads and will continue all efforts to mitigate inflationary pressures on our customers.

So, in summary, it is clear that the external environment has become even more challenging in recent months. This, combined with the further normalisation in customer behaviour as we see the last vestiges of Covid, inevitably means it will be another challenging year ahead.

Finally, as the only retailer locally owned and locally managed in the Channel Islands and Isle of Man, we would like to thank all of our shareholders and customers for their ongoing support.

Tony O'Neill
Executive Chairman
11 May 2022

Financial review

Trading EBITDA is the key measure by which the Board of Directors assesses the financial performance of the business. As presented in the table below, Trading EBITDA is calculated from operating profit with the add back of non-cash, non-trading and non-recurring items that do not reflect the underlying performance of the business.

	2022 £'000	2021 £'000	Change £'000
Revenue	**210,674**	**200,380**	**10,294**
Operating profit	**8,009**	**5,583**	**2,426**
Depreciation and amortisation	4,847	5,338	(491)
Loss on disposal of fixed assets	-	340	(340)
Revaluation of investment property	(1,333)	(1,302)	(31)
Non-trading and non-recurring items	1,192	1,351	(159)
Trading EBITDA	**12,715**	**11,310**	**1,405**
As a percentage of revenue	6.0%	5.6%	0.4%

Trading EBITDA for the year ended 29 January 2022 was £12.7m, an increase of £1.4m, or 12.4% versus the prior year. Growth has been driven by a 5.1% increase in sales, supported by our recent acquisition of the Red Group and the margin benefit of an improved mix of non-food sales.

Non-trading and non-recurring items were a net cost of £1.2m in the year and included amounts relating to: the restructuring of the Group's head office function; the exit of a number of ancillary brands and operations; and Covid costs relating to personal protective equipment ("PPE") and social distancing. The prior year comparative figure included: costs of the aborted acquisition of The Guernsey Pub Co; the exit of our Spanish operations; and Covid.

The Group saw a £1.3m increase in the value of its freehold investment properties, consistent with the trends seen in the wider market and reflective of higher occupation rates in our leased properties. Depreciation and amortisation charges of £4.8m complete the reconciliation to the operating profit figure of £8.0m.

	2022 £'000	2021 £'000	Change £'000
Operating profit	**8,009**	**5,583**	**2,426**
Finance charges	**(587)**	(854)	267
Tax on profit on ordinary activities	**(1,873)**	(1,462)	(411)
Profit after tax	**5,549**	**3,267**	**2,282**
Other comprehensive income	5,043	1,561	3,482
Total comprehensive income	**10,592**	**4,828**	**5,764**

Financial review (continued)

The Group continues to make scheduled repayments of its term loan which has led to a decrease in interest costs versus the prior year, with finance charges of £0.6m. The tax charge of £1.9m has increased as a result of the increased operating profit. Other comprehensive income amounts to £5.0m in the year. The Group's pension schemes benefited from a £2.2m actuarial gain principally due to an 80 basis points increase in the interest rate used to discount the schemes' liabilities. The remaining £2.8m relates to a revaluation gain arising on the Group's estate of freehold retail properties.

	29 January 2022 £'000	30 January 2021 £'000	Change £'000
Net assets (shareholders' funds)	**73,455**	65,710	7,745
Net debt	**13,640**	17,648	(4,008)

Net assets increased by £7.7m supported by the £2.2m actuarial gain on defined benefit pension schemes, and the £2.8m revaluation gain on the Group's freehold retail properties. Profit for the financial year was £5.5m of which £3.3m was paid to shareholders through dividends. Consolidation of the non-controlling minority interests in the Red Group completes the increase in net assets to £73.5m as at 29 January 2022.

Net debt of £13.6m comprises cash of £6.5m less the remaining balance of the Group's term loan of £20.1m. The reduction in net debt of £4.0m is after the £1.7m acquisition of the Red Group and dividend payments of £3.3m during the year. Dividends paid to shareholders since the Company listed in May 2019 now total £7.8m.

Dan Wilson
Chief Financial Officer
11 May 2022

Directors' report

The Directors present their directors' report and the consolidated financial statements of SandpiperCI Group Limited (the "Company") and its subsidiaries (together the "Group") for the year ended 29 January 2022.

Principal activities

The Group is principally engaged in the operation of a variety of retail outlets in the Channel Islands, the Isle of Man and Gibraltar.

Financial instruments

Details of the use of financial instruments by the Group can be found in the notes to the consolidated financial statements.

Results and dividends

The results for the year are set out on page 18.

Dividends totalling £3,277,914 (2021: £2,995,506) were paid in the year. Two interim dividends of 1.65 pence per share, each totalling £1,638,957, were paid on 14 June 2021 and 16 December 2021.

Events after the reporting period

The Directors declared a dividend of 1.65 pence per share, totalling £1,638,957, which was approved by the Board on 11 May 2022 and will be paid on 14 June 2022.

Going concern

On 24 February 2022 Russia invaded Ukraine. The resulting conflict between the two countries continues to evolve as military activity proceeds and sanctions are imposed. Russia and Ukraine are important exporters of grains and sunflower oil, accounting for about 30 per cent of global wheat trade. The conflict is heightening concerns about food security with a resulting increase in food prices. Whilst the Company does not expect the conflict to have a material impact on its operations, the degree to which it is affected will depend on the nature and duration of uncertain and unpredictable events, such as further military action, additional sanctions, and reactions to ongoing developments by global financial markets.

The financial statements have been prepared on the going concern basis as the Directors have prepared detailed projections for a period of at least 12 months from the date of signing the accounts which show that the Group is expected to be able to meet all its liabilities as they fall due, despite any ongoing impacts of Covid and the conflict in Ukraine.

Employment policies

The Group strives to meet its business objectives by motivating and encouraging its employees to be responsive to the needs of its customers and by continually improving operational performance. The Group is committed to providing equality of opportunity to employees and potential employees. This applies to appropriate training, career development and promotion for all employees, regardless of physical ability, gender, sexual orientation, religion, age or ethnic origin.

Full and fair consideration is given to applications for employment received from disabled persons, according to their skills and capabilities. The services of any existing employee disabled during their employment are retained wherever possible.

Environmental and social

The Board recognises the Group's responsibility to have a positive impact on all its stakeholders and continues to support initiatives aimed at delivering environmental and social benefits.

Environmental initiatives

To support the growing popularity of electric vehicles in Jersey, and the island's pledge to ensure drivers are never more than one and a half miles from a charging point, the Group has increased its network of charging points through the installation of two new charging stations at Morrisons Daily at Benest in addition to those previously installed at the Iceland New Era and Marks & Spencers St Clement stores.

Directors' report (continued)

Environmental and social (continued)

Environmental initiatives (continued)

Food waste is a significant challenge in the Channel Islands with thousands of tonnes of food thrown away each year. Initially launched in 2020, the Group's pioneering partnership with Gander continues to reduce waste in its stores and create savings for customers. The world's first real-time mobile app has been rolled out across the Group's Food Retail stores in Jersey, Guernsey and Alderney and has led to a significant increase in the sell-through of price-reduced food items.

The Group recognises the environmental impact of single-use plastic bags and the important role it has to influence behaviour and discourage a throwaway culture. Ahead of forthcoming legislative changes, the Group will ensure all of its plastic bags achieve the specified densities and attract the requisite charge for purchase. Furthermore, *bags for life* will be available in all stores, together with compostable bags for fruit and vegetables.

Supporting our communities

As the Channel Islands, Isle of Man and Gibraltar governments transitioned from Covid-related lockdowns to reconnection activities, the Group adapted its business operations in a number of ways to ensure customers could continue to shop safely. Personal protective equipment and hand-sanitising stations continued to feature in its stores to protect both customers and colleagues. Other initiatives, such as order and collection/delivery services, were also implemented to support more vulnerable customers.

The Group works with local partners to provide work experience opportunities in its communities. In 2021, 27 Jersey students in years 10 and 11 completed multi-week placements within the Group's various operating businesses, gaining an insight into the world of working and developing the skills to improve their job prospects.

Marks & Spencer Jersey partners with many local charities by making daily donations of food nearing its expiry date. A long-standing partnership is with The Shelter Trust which provides accommodation and support services for the homeless community in Jersey. This contribution is particularly appreciated as

Marks & Spencer food ranges provide suitable options for specific dietary requirements, such as vegetarians or those with food intolerances.

Throughout the past year, the Group has responded to numerous requests from its local communities to sponsor events and donate to initiatives across various charitable sectors. In addition, it plays an active role in coordinating charitable donations from its customers. Most recently, in-store collections raised over £15,000 to support those impacted by the ongoing conflict in Ukraine.

The Group's Morrisons Daily stores are supporting the *Ask for Sandy* campaign which aims to tackle period poverty through the provision of free sanitary products to those in need.

Political contributions

The Group made no political contributions in the year (2021: £nil).

Directors' interests in shares

The Directors who held office at the end of the financial year had the following interests in the ordinary share capital of the Company as at 29 January 2022.

	Number of shares	Percentage
A T J O'Neill	6,318,100	6.32%
D S Wilson	1	0.00%
J R Ravenscroft	500,000	0.50%
M J Rutter	63,700	0.06%
S J A Harrison	666,667	0.67%
T R Scott	14,725,522	14.73%

In addition to the figures above, Jon Ravenscroft and Tony O'Neill also have indirect holdings in the Company of 0.68% and 0.24% respectively, via their holdings in Bailiwick Investments Limited.

Directors' report (continued)

Directors had the following interests in options over ordinary shares in the Company as at 29 January 2022.

	Number of options	Exercise price	Grant date
A T J O'Neill	3,500,000	82.5 pence	4 June 2019
D S Wilson	2,000,000	85.0 pence	7 September 2021
M J Rutter	500,000	82.5 pence	4 June 2019
M J Rutter	500,000	82.5 pence	11 November 2019

See note 28 Related party disclosures for details of other disclosable interests of the Directors who held office at the end of the financial year.

Directors' responsibilities

The Directors are responsible for preparing the financial statements in accordance with applicable law and regulations. The Directors are required to prepare financial statements for each financial year under the Companies (Jersey) Law 1991. As permitted under that law, the Directors have elected to prepare the Group financial statements in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

The Group financial statements are required by law to give a true and fair view of the state of affairs of the Group and of the profit or loss for that year.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that its financial statements comply with the Companies (Jersey) Law 1991. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Group's auditor is unaware, and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

Independent auditor

The independent Group auditor, BDO LLP has indicated its willingness to continue in office. A reappointment resolution will be proposed at the Annual General Meeting.

Approved by the Board of Directors on 11 May 2022 and signed on its behalf by:

Dan Wilson
Secretary

Registered office:

1-2 L'Avenue Le Bas
Longueville
St Saviour
Jersey
JE4 8NB

Corporate governance report

Introduction

The Board is committed to high standards of corporate governance and business integrity in all of its activities. The Directors acknowledge the importance of the principles set out in the Finance Sector Code of Corporate Governance issued by the Guernsey Financial Services Commission (the "Code"). Whilst there is no regulatory requirement for the Company to adhere to the Code, the Directors have adopted the Code as far as they consider appropriate for the size and nature of the Company and, in their opinion, throughout the period ended 29 January 2022 the Company has complied with the relevant principles set out in the Code.

Board composition and role

The Board comprises six Directors, three of whom are Executive Directors (including the Chairman) and three of whom are Non-Executive Directors. Details of the individual Directors and their biographies are set out on page 4.

The Board meets regularly to consider strategy, performance, risk and the framework of internal controls. To enable the Board to discharge its duties, all Directors receive appropriate and timely reports as well as direct access to any information on request. Briefing papers are distributed to all Directors in advance of Board meetings. All Directors have access to the advice and services of the Company Secretary, who is responsible for ensuring that Board procedures are followed and that applicable rules and regulations are complied with. In addition, procedures are in place to enable the Directors to obtain independent professional advice in the furtherance of their duties, if necessary, at the Company's expense.

Board committees

The Board has established a number of committees to which it delegates certain authorities. These committees are:

- **Audit committee:** responsible for reviewing and monitoring internal financial control systems and risk management systems on which the Company is reliant, considering annual and interim accounts and audit reports, considering the appointment and remuneration of the Company's auditors and monitoring and reviewing annually their independence, objectivity, effectiveness and qualifications. This committee meets three times per year and is chaired by Stephen Harrison;
- **Remuneration committee:** responsible for the Company's remuneration policy and for reviewing and recommending Directors' remuneration, bonuses and incentives. This committee is chaired by Tom Scott; and
- **Nominations committee:** responsible for identifying suitable candidates to be appointed as Directors as and when a vacancy may arise. This committee only meets as required.

The audit, remuneration and nominations committees are made up of the three Non-Executive Directors, with Executive Directors in attendance as required.

Principal risks and uncertainties

The Group's business activities are subject to risk factors, both specific to its business activities and of a more general nature, which may individually or cumulatively, materially and adversely affect its business, operations and financial performance. Many of these risks are outlined in the Company's listing document available on its TISE web page and these risks are regularly reviewed by the Board along with specific ongoing risks such as Covid and the conflict in Ukraine.

Shareholder relations

The Company places a great deal of importance on communicating clearly and openly with its shareholders and providing them transparent and adequate information to assist them in making informed decisions. The Company releases announcements to the market in accordance with TISE's listing rules and uses the interim and annual reports to provide further information to current and prospective shareholders. In addition, the Executive Chairman remains available for contact with the Company's investors throughout the year and is responsible for ensuring that shareholders' views are communicated to the wider Board. Shareholders also receive discount vouchers twice a year.

Independent auditor's report to the members of SandpiperCI Group Limited

Opinion on the financial statements

In our opinion the financial statements:

- Give a true and fair view of the state of the Group's affairs as at 29 January 2022 and of the its profit for the year then ended;
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- Have been prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

We have audited the consolidated financial statements (the 'financial statements') of SandpiperCI Group Limited (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 29 January 2022 which comprise the consolidated profit and loss account, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated cash flow statement and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 '*the Financial Reporting Standard in the United Kingdom and Republic of Ireland*' (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group's ability to continue to adopt the going concern basis of accounting included:

We challenged the Directors on the key assumptions included in the forecast scenarios such as levels of revenue and resulting EBITDA expectations. We did this by analysing and reviewing the growth considered in revenue and EBITDA and by comparing this with previous period actual and budgeted results and post period-end actual results. We also agreed debt service cover, interest cover and loan to value covenants calculations within the forecasts to the borrowing agreements and performed our own sensitivities on the cash flows to understand the impact on covenants.

Independent auditor's report to the members of SandpiperCI Group Limited (continued)

Conclusions relating to going concern (continued)

We obtained the Directors' reverse stress testing analysis, which was performed to determine the point at which covenants would be breached and considered whether such a scenario was reasonably possible given the potential impacts of COVID-19 and the level of uncertainty. This included consideration of the Group's trading to date.

We also made enquires with the Directors and inspected correspondence with the third party regarding progress of the facility renewal.

We reviewed the adequacy and consistency of the Directors disclosures in relation to going concern with the going concern forecasts.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

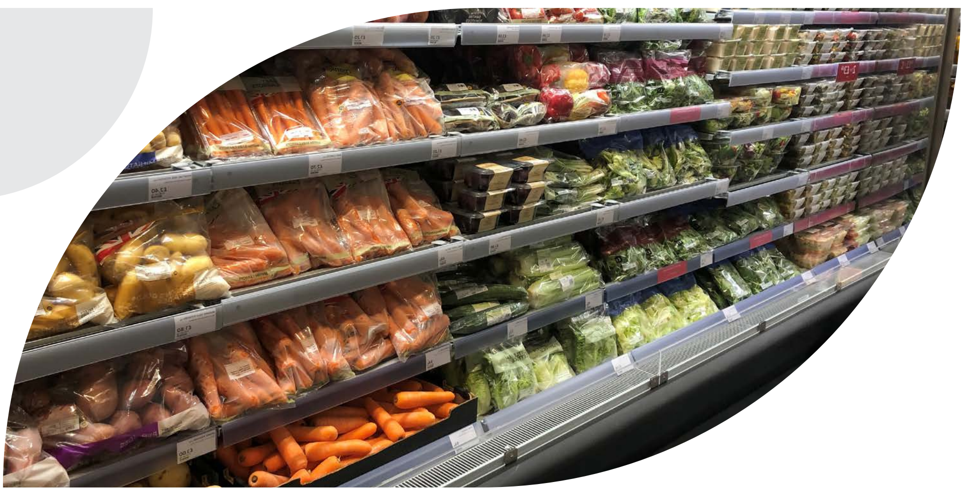
Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Coverage	100% (2021: 100%) of Group profit before tax 100% (2021: 100%) of Group revenue 100% (2021: 100%) of Group total assets		
Key audit matters	**KAM**	**2022**	**2021**
	Revenue recognition – existence	Yes	Yes
	Freehold property valuations	Yes	Yes
Materiality	*Group financial statements as a whole* £350,000 (2021: £256,000) based on 5% (2021: 5%) of adjusted profit before tax.		

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

The Parent Company and its subsidiaries operate under common management with the same accounting system and policies and accordingly our audit was carried out as if the Group were one entity. The Group engagement team performed all audit procedures.



Independent auditor's report to the members of SandpiperCI Group Limited (continued)

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter		How the scope of our audit addressed the key audit matter
Revenue recognition - existence (note 1 and 3)	Revenue is the primary determinant of the Group's profitability and one of the primary measures of performance communicated to investors. A significant element of the risk of material misstatement in revenue relates to the potential for improper or fraudulent manual journal entries to revenue to improve results. Additionally there is a high volume of transactions, which is processed through the cash system, which may result in the misstatement of revenue. Because of the significance of these risks, we identified this to be a Key Audit Matter.	Our procedures included the following: For certain revenue streams, we have involved our internal IT specialists in the reconciliation of revenue recorded in the cash system to that in the general ledger, and we have agreed samples from cash system reports to bank statements. For other revenue streams, we have agreed samples from the cash system reports to bank statements. Where applicable, we have agreed samples of reconciling items to supporting documentation. For a sample of revenue per the general ledger we agreed these to till reports and bank statements. We agreed manual journal entries to supporting documentation on sample basis posted to revenue in the general ledger as part of journal testing. *Key observations:* Based on our procedures performed we did not identify any matters to suggest that the existence of revenue was not appropriate.
Freehold property valuations (note 15 and note 1 accounting policy)	The Group's freehold property portfolio is split between retail and residential properties in Jersey and Guernsey and is included in the consolidated balance Sheet at its fair value of £67.5m. The valuation of the Group's freehold property portfolio is inherently subjective due to, among other factors, the individual nature of each property, its location and the expected future rentals for that particular property. For retail properties, factors include a future trading evaluation. As a result of the significant judgement and estimations required by management in determining the valuations, utilising their external property valuation experts, we deemed this a Key Audit Matter.	Our procedures included the following: We read the valuation reports for all the properties and confirmed that the valuation approach for each was in accordance with RICS standards and accounting standards and suitable for use in determining the carrying value for the purpose of the financial statements. We assessed the valuers' qualifications and expertise and read their terms of engagement with the Group to determine whether there were any matters that might have affected their objectivity or may have imposed scope limitations upon their work. Using our RICS qualified internal property valuation experts and their knowledge of the market we reviewed the valuation reports and challenged management on the valuation basis used including the yields and estimated market rentals. We obtained details of each property held by the Group and set an expected range for yield and capital value movement, determined by reference to published benchmarks and compared to that used by management. We carried out procedures, on a sample basis, to check the accuracy of the property information supplied to the valuers' by management, including agreeing rental values back to signed rental agreements. We considered future trading for retail properties and agreed these amounts to forecasts. For a sample of retail properties we have checked forecast trading to actual trading subsequent to year end to assess the reasonableness of the forecasts *Key observations:* Based on our procedures performed, no issues were identified to indicate that the assumptions used by management in the valuation of freehold properties were inappropriate.

Independent auditor's report to the members of SandpiperCI Group Limited (continued)

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Group financial statements	
	2022	**2021**
Materiality	350,000	256,000
Basis for determining materiality	5% of profit before tax before non-recurring and non-trading items and an upward revaluation of property values.	
Rationale for the benchmark applied	We considered adjusted profit before tax to be the most significant determinant of the Group's financial performance for the users of the financial statements.	
Performance materiality	262,500	192,000
Basis for determining performance materiality	75% of Group materiality considering a number of factors including the expected total value of known and likely misstatements (based on past experience and other factors) and management's attitude towards proposed adjustments.	

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £7,000 (2021: £5,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Directors' report and consolidated financial statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Independent auditor's report to the members of SandpiperCI Group Limited (continued)

Other Companies (Jersey) law 1991 reporting

We have nothing to report in respect of the following matters where the Companies (Jersey) Law 1991 requires us to report to you if, in our opinion;

- proper accounting records have not been kept by the Company, or proper returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained an understanding of the legal and regulatory framework applicable to the Group. We considered the significant laws and regulations to be those that that have a direct impact on the preparation of the financial statements such as the Companies (Jersey) Law 1991, the applicable accounting framework, income tax and sales tax law. We assessed the susceptibility of the financial statements to material misstatement including fraud which included an evaluation of management incentives and opportunities for fraudulent manipulation of the financial statements and considered that the principal risks were those related to the posting of inappropriate journal entries, overstatement of property assets (valuations) to improve the result before tax for the period and revenue recognition (refer to Key Audit Matters section above).

Procedures performed by the audit team in response to the above included:

- Discussions with management and those charged with governance and review of minutes of meetings with Board and Audit Committee regarding known or suspected instances of non-compliance with laws and regulations;
- Review of the Group's tax computations and financial statements against the requirements of the relevant tax legislation and applicable accounting framework respectively; and

Independent auditor's report to the members of SandpiperCI Group Limited (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

Extent to which the audit was capable of detecting irregularities, including fraud (continued)

- In response to the risk of management override of controls, assessing journal entries which met a specific criteria as part of our planned audit approach, challenge of property assets (valuations) as within Key Audit Matters section above.

We communicated relevant identified laws and regulations and potential fraud risks to all engagement team members, who were all deemed to have appropriate competence and capabilities, to remain alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

James Newman
For and on behalf of BDO LLP

Chartered Accountants
Southampton
United Kingdom

11 May 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Section 2

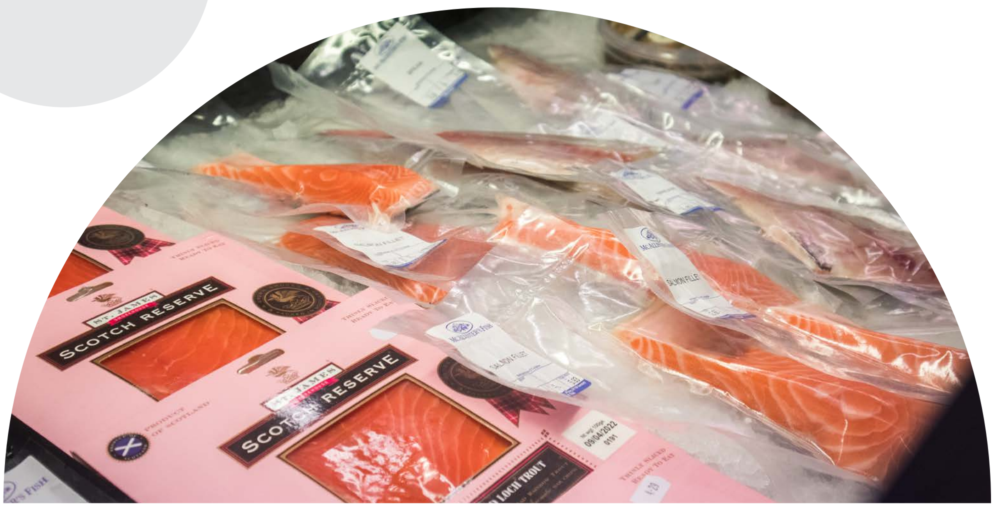
Consolidated financial statements

Consolidated profit and loss account

	Note	2022 £'000	2021 £'000
Turnover	3	**210,674**	**200,380**
Cost of sales		**(191,838)**	(184,148)
Gross profit		**18,836**	**16,232**
Rental income	6	**2,905**	2,535
Administrative expenses		**(15,065)**	(14,146)
Revaluation of freehold investment property	15	**1,333**	1,302
Loss on disposal of fixed assets		**-**	(340)
Operating profit	**4**	**8,009**	**5,583**
Finance charges	9	**(587)**	(854)
Profit on ordinary activities before taxation		**7,422**	**4,729**
Tax on profit on ordinary activities	10	**(1,873)**	(1,462)
Profit for the financial year		**5,549**	**3,267**
Attributable to:			
Non-controlling interests		**33**	-
Owners of the parent company		**5,516**	3,267
Profit for the financial year		**5,549**	**3,267**

Consolidated statement of comprehensive income

	Note	2022 £'000	2021 £'000
Profit for the year		**5,549**	**3,267**
Actuarial gain/(loss) relating to defined benefit pension schemes	26	**2,227**	(933)
Exchange differences		**(7)**	240
Revaluation of retail property	15	**2,823**	2,254
Total comprehensive income relating to the financial year		**10,592**	**4,828**
Attributable to:			
Non-controlling interests		**33**	469
Owners of the parent company		**10,559**	4,359
		10,592	4,828
Earnings per share (pence):			
Basic	7	**5.5**	3.2
Diluted	7	**5.5**	3.0



Consolidated balance sheet

	Note	2022 £'000	2022 £'000	2021 £'000	2021 £'000
Fixed assets					
Intangible assets	14	**23,875**		24,605	
Tangible assets	15	**76,866**		73,861	
Investments	16	**2**		2	
			100,743		98,468
Current assets					
Stocks	17	**13,496**		11,990	
Debtors	18	**6,126**		5,742	
Cash at bank and in hand		**6,507**		4,383	
		26,129		22,115	
Creditors: amounts falling due within one year	19	**(34,257)**		(30,916)	
Net current liabilities			**(8,128)**		**(8,801)**
Total assets less current liabilities			**92,615**		**89,667**
Creditors: amounts falling due after more than one year	20		(18,293)		(20,168)
Provisions for liabilities	22		(1,516)		(2,095)
Net assets excluding pension asset/(liability)			**72,806**		**67,404**
Net pension asset/(liability)	26		649		(1,694)
Net assets including pension asset/(liability)			**73,455**		**65,710**
Capital and reserves					
Called up share capital	23		**-**		-
Share premium account	24		**23,067**		23,067
Stated capital			**23,067**		23,607
Own shares			**(282)**		(225)
Profit and loss account			**49,758**		42,399
Attributable to owners of the parent company			**72,543**		**65,241**
Non-controlling interests	32		**912**		469
			73,455		65,710

These financial statements were approved by the Board of Directors on 11 May 2022 and were signed on its behalf by:

Tony O'Neill
Director

Dan Wilson
Director

The notes on pages 24 to 46 form part of these accounts.

Consolidated statement of changes in equity

	Note	Stated capital £'000	Own share reserve £'000	Non-controlling minority interests £'000	Profit and loss account £'000	Total equity £'000
At 31 January 2021		23,067	(225)	469	42,399	65,710
Profit for the financial year		-	-	33	5,516	5,549
Actuarial gain on pension schemes	26	-	-	-	2,227	2,227
Exchange differences		-	-	-	(7)	(7)
Revaluation of freehold retail properties	15	-	-	-	2,823	2,823
Other comprehensive income for the year		-	-	-	5,043	5,043
Total comprehensive income for the year		-	-	33	10,559	10,592
Non-controlling interests on acquisition	32	-	-	410	-	410
Dividends		-	-	-	(3,278)	(3,278)
Purchase of own shares		-	(57)	-	57	-
Share based payments		-	-	-	21	21
At 29 January 2022		23,067	(282)	912	49,758	73,455

	Note	Stated capital £'000	Own share reserve £'000	Non-controlling minority interests £'000	Profit and loss account £'000	Total equity £'000
At 1 February 2020		23,067	-	-	40,573	63,640
Profit for the financial year		-	-	-	3,267	3,267
Actuarial loss on pension schemes	26	-	-	-	(933)	(933)
Exchange differences		-	-	-	240	240
Revaluation of freehold properties	15	-	-	-	2,254	2,254
Other comprehensive income for the year		-	-	-	1,561	1,561
Total comprehensive income for the year		-	-	-	4,828	4,828
Non-controlling minority interests	32	-	(225)	469	(244)	-
Dividends		-	-	-	(2,996)	(2,996)
Share based payments		-	-	-	238	238
At 30 January 2021		23,067	(225)	469	42,399	65,710

The notes on pages 24 to 46 form part of these accounts.

Consolidated cash flow statement

	Note	2022 £'000	2021 £'000
Cash flows from operating activities			
Profit for the financial year		**5,549**	3,267
Adjusted for:			
Depreciation, impairment and amortisation of fixed assets	4	**4,847**	5,385
Net interest payable including net interest on defined benefit pension schemes	9	**587**	854
Net pension liabilities extinguished on settlements	26	**62**	-
Revaluation of freehold investment property		**(1,333)**	(1,302)
Taxation expense	10	**1,873**	1,462
Increase in stock		**(1,241)**	(1,485)
Increase in debtors		**(101)**	(28)
Increase in creditors		**1,594**	2,109
(Decrease)/increase in provisions		**(478)**	456
Exchange differences		**(7)**	29
Share based payments		**21**	238
Loss on disposal of fixed assets		**-**	340
Cash from operations		**11,373**	**11,325**
Defined benefit pension schemes	26	**(200)**	150
Bank interest paid		**(491)**	(611)
Taxation paid		**(848)**	(1,471)
Net cash generated from operating activities		**9,834**	**9,393**
Cash flows from operating activities			
Proceeds from sale of tangible fixed assets		**-**	167
Purchase of tangible fixed assets	15	**(1,575)**	(2,305)
Business combinations (net of cash acquired)	30	**(932)**	(2,777)
Purchase of intangible fixed assets	14	**-**	(20)
Net cash used in investing activities		**(2,507)**	**(4,935)**
Cash flows from financing activities			
Repayment of bank loans		**(1,920)**	(6,852)
Repayment of subordinated loans		**(5)**	(7)
Debt issue costs		**-**	(27)
Equity dividends paid		**(3,278)**	(2,996)
Net cash used in financing activities		**(5,203)**	**(9,882)**

The notes on pages 24 to 46 form part of these accounts.

Consolidated cash flow statement (continued)

	Note	2022 £'000	2021 £'000
Net increase/(decrease) in cash and cash equivalents		**2,124**	**(5,424)**
Effect of exchange rates on cash and cash equivalents		-	12
Cash and cash equivalents at beginning of year		4,383	9,795
Cash and cash equivalents at end of year		**6,507**	**4,383**
Cash and cash equivalents comprise:			
Cash at bank and in hand		6,507	4,383
		6,507	**4,383**

Analysis of changes in net debt

	At 31 January 2021 £'000	Cash flows £'000	Acquisition of cash £'000	Other changes £'000	At 29 January 2022
Cash at bank and in hand	4,383	1,356	768	-	6,507
Debt due within one year	(1,862)	5	-	-	(1,857)
Debt due after one year	(20,169)	1,920	-	(41)	(18,290)
Total	**(17,648)**	**3,281**	**768**	**(41)**	**(13,640)**

The notes on pages 24 to 46 form part of these accounts.

Notes to the consolidated financial statements

1 Accounting policies

The following accounting policies have been applied in dealing with items which are considered material in relation to the financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 - The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland ("FRS 102"). The Group has adopted Amendments to FRS 102 – Triennial Review 2017 – in these financial statements.

Basis of consolidation

The consolidated financial statements include the financial statements of SandpiperCI Group Limited (the "Company") and its subsidiary undertakings (together the "Group") made up to 29 January 2022. The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

Going concern

The financial statements have been prepared on the going concern basis as the Directors have prepared detailed projections for a period of at least 12 months from the date of signing the accounts which show that the Group is expected to be able to meet all its liabilities as they fall due, despite any ongoing impacts of Covid and the current conflict in Ukraine.

The Group's main sources of bank finance are a £23.5m term loan, an undrawn £5m revolving credit facility and an undrawn £3m overdraft facility from HSBC, all of which are currently in the process of being renewed ahead of the June 2023 maturity date. Whilst this process has not yet concluded, the Directors are confident of a renewal based on the progress to date, the Group's trading performance and strength of balance sheet, and do not consider this a material uncertainty.

Given the ongoing uncertainty arising from current geopolitical events, the possible impact on available cash during the next 12 months' trading has been modelled under a range of assumptions and sensitivities. As part of this, the Directors have performed a detailed stress test to confirm that the business will be able to operate for at least the following 12 months. The stress tests apply varying levels of impacts on the Group's ability to generate cash, covering: lower sales; lower commercial margins; higher rates of inflation and interest; and adverse working capital movements. The results of the stress tests indicate that the Group would continue to be able meet its liabilities as they fell due and would not breach its bank covenants.

The Directors are confident of being able to trade for a period of at least 12 months from the approval of the financial statements and have therefore concluded that it is appropriate for the financial statements to be prepared on the going concern basis.

Other intangible fixed assets

Other intangible fixed assets predominantly comprise the rights to operate coffee shops under the Costa brand in certain territories. These are measured at cost less accumulated amortisation and accumulated impairment losses, and are being amortised over five years, the period for which the Group has the rights.

Notes to the consolidated financial statements (continued)

1 Accounting policies (continued)

Goodwill

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on consolidation in respect of acquisitions is capitalised. Positive goodwill is amortised within administrative expenses to nil by equal annual instalments over its estimated useful life, which has been estimated at 20 years from 2017. The Directors will monitor the useful economic life of goodwill on a regular basis, and will consider the useful life and residual value will be affected by certain external events and economic influences. In the first full year following an acquisition, the carrying value of goodwill is reviewed for impairment. Thereafter, further reviews are performed when events or circumstances indicate that the carrying value may not be appropriate. Any impairment charge is included within operating profit unless otherwise stated.

The estimated useful economic life of goodwill is based on a variety of factors, the principal factors being the longstanding nature and reputation of the businesses acquired within the Channel Islands and assumptions that market participants would consider in respect of similar businesses.

Tangible fixed assets

With the exception of land and buildings, the cost of fixed assets is their purchase cost, together with any incidental cost of acquisition. The Group has adopted a revaluation policy for freehold retail property, with revaluations to occur annually. Freehold retail property is stated in the financial statements at an open market existing use value, as outlined in note 15. For freehold retail property, any surplus or deficit on book value is credited or charged to other comprehensive income.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of tangible fixed assets (excluding freehold land) less their estimated residual values on a straight line basis over the expected useful economic lives of the assets concerned. Residual values are calculated on prices prevailing at the date of acquisition or revaluation.

Land and buildings

Freehold land is not depreciated. Freehold buildings are depreciated over 15 to 50 years on an individual appraisal basis. Interests in leasehold land and buildings are depreciated over the shorter of the unexpired portion of the lease or the expected useful life of the property, that not being more than 50 years.

Other assets

- Plant and machinery
  Straight line basis between 1 and 15 years
- Fixtures and fittings
  Straight line basis between 1 and 25 years
- Computer equipment
  Straight line basis between 1 and 10 years
- Motor vehicles
  Straight line basis between 3 and 5 years

Investment property

Freehold investment property is initially recognised at cost, including any directly attributable acquisition costs, and subsequently recognised at fair value through profit or loss. The properties are valued by an external valuation expert annually.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Non-controlling interests

The Group initially recognises non-controlling interests at the non-controlling interests' proportionate share of the subsidiary's net assets. The total comprehensive income of non-wholly owned subsidiaries is attributed to owners of the parent and to the non-controlling interest in proportion to their relative ownership interests.

Notes to the consolidated financial statements (continued)

1 Accounting policies (continued)

Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are included within creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. The vesting conditions are non-market conditions and vest due to the passing of time only.

Pension costs

For defined benefit schemes, the amounts charged to operating profit are the current service costs and gains and losses on settlements and curtailments. They are included within payroll costs. Past service costs are recognised immediately in the consolidated profit and loss account if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the vesting period. The interest cost and the expected return on assets are shown as a net amount in finance charges.

Actuarial gains and losses are recognised immediately in the consolidated statement of total recognised gains and losses.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the Group, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resultant defined benefit asset or liability is presented separately after other net assets on the face of the balance sheet.

For defined contribution schemes, the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the period. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

Stocks

Stock is stated at the lower of cost and net realisable value. Cost includes direct materials and labour and also those overheads that have been incurred in bringing the stock to its present location and condition. Net realisable value is based on estimated selling price less further costs expected to be incurred prior to disposal. Provision is made for slow moving or defective items where appropriate.

Taxation

The charge for current tax (including foreign tax) is based on the profit for the year as adjusted for tax purposes. Group companies resident in the Channel Islands are subject to a general corporate rate of tax of 0%. However, certain types of income, including Channel Islands rental income, are taxable at the standard rate of 20%. From 1 January 2016 and 1 January 2018 in Guernsey and Jersey (respectively), where a Group company meets the definition of a *Large Corporate Retailer*, the whole of the company's profits are subject to tax at a rate of 20%.

Deferred tax is recognised on all temporary timing differences arising between tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are only recognised to the extent that it is probable that taxable profits will be available in the future. Deferred tax assets and liabilities are measured on an undiscounted basis at the tax rates that are enacted or substantively enacted at the balance sheet date.

Notes to the consolidated financial statements (continued)

1 Accounting policies (continued)

Investments

Investments are stated at cost less provision for any impairment in value.

Investment in own shares

Own shares held by the Group's Employee Benefit Trust have been classified as deductions from shareholders' funds.

Classification of financial instruments issued by the Group

Financial instruments issued by the Group are treated as equity (i.e. part of shareholders' funds) only to the extent that they meet the following two conditions:

a) they include no contractual obligations upon the Group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Group; and

b) where the instrument will or may be settled in the Group's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Group's own equity instruments or is a derivative that will be settled by the Group exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

Issue costs of debt instruments are deducted from the gross proceeds received for the purposes of initial recognition in the balance sheet and are subsequently amortised in the profit and loss account within interest payable and similar charges so as to reflect a constant rate of charge on the carrying value of the related instrument.

In line with sections 11 and 12 of FRS 102, financial assets are initially measured at transaction price and subsequently held at cost less impairment, while financial liabilities are initially measured at transaction price and subsequently held at amortised cost.

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges.

Turnover

Turnover, which excludes sales between Group companies, represents the value of goods and services supplied, net of refunds and discounts given to customers. Turnover is recognised when the significant risks and rewards of ownership have transferred to the customer.

Commercial income

Commercial income is accounted for as a deduction from the cost of purchase, and it is recognised in accordance with signed supplier agreements.

Rental income

Rental income from operating leases (net of any incentives given to the lessees) is recognised on a straight-line basis over the lease term.

Non-trading and non-recurring items

Non-trading and non-recurring items are transactions that do not reflect the underlying performance of the business. They are added back to operating profit in the calculation of the alternative performance measure of "Trading EBITDA", and presented seperately due to their size or incidence. Non-trading and non-recurring items are disclosed in note 4.

Cash

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand.

Bank loans

The Group has bank loans which are initially recognised at the amount received less transaction costs and subsequently measured at amortised cost less impairment.

Notes to the consolidated financial statements (continued)

2 Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the Directors have made the following judgements:

- Determine whether leases entered into by the Group, either as a lessor or a lessee, are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease-by-lease basis;
- Determine whether there are indicators of impairment of the Group's tangible and intangible assets, including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and, where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit; and
- Determine the useful economic life over which goodwill is amortised.

Other key sources of estimation uncertainty

Tangible fixed assets (see note 15), are depreciated over their useful lives, taking into account residual values where appropriate. The actual lives of assets and residual values are based on a number of factors, predominantly being the actual life of an asset to the point it remains no longer economically viable to maintain and the regularity of store fit-out programs and refreshes.

Where leased properties are no longer used by the Group but have a remaining lease term a provision for such vacant properties is recorded. This provision is based on the estimated discounted future cost to the Group of the vacant premise. Factors taken into account are lease and ancillary costs and an assessment of the potential for sub-letting during the remaining lease term. In addition the Group makes a provision for the anticipated liability for making good certain leasehold properties, as detailed in the respective leases, when the lease term on these properties expires.

The Group carries freehold investment property at fair value through profit or loss, and uses professionally qualified valuation specialists to determine fair value annually. This uses earnings figures and market rentals as appropriate. There is a degree of judgement over the forecast rental income and trading results.

Stock provisions are made based on a percentage of revenue until the next stock take is performed. The percentage provided for varies by business area and is based on a combination of track record and current conditions.

The Group maintains three legacy defined benefit pension schemes. In order to estimate the future liabilities of these schemes, assumptions are made in respect of inflation, discount rates and mortality. These are estimated based on current best practice by reference to qualified actuaries.

Notes to the consolidated financial statements (continued)

3 Analysis of turnover

	2022 £'000	2021 £'000
Channel Islands	**205,797**	197,716
Isle of Man	**3,030**	1,371
Gibraltar	**1,847**	1,172
Spain	**-**	121
	210,674	200,380

4 Operating profit

Operating profit is stated after charging:

	2022 £'000	2021 £'000
Depreciation of tangible fixed assets:		
- Owned	**3,075**	3,504
- Leased	**222**	288
Amortisation of goodwill	**1,542**	1,544
Amortisation of other intangible fixed assets	**8**	2
Impairment of intangible fixed assets	**-**	47
Operating lease rentals:		
- Plant and machinery	**73**	75
- Other	**7,010**	7,019
Share based payments	**21**	238
Defined contribution pension scheme charge	**284**	253
Auditor's remuneration:		
- Audit fees	**114**	107
- Tax compliance fees	**33**	26
- Tax advisory fees	**-**	8

Included within operating profit are £1,192,000 of non-trading and non-recurring costs relating to: the restructuring of the Group's head office function; the exit of a number of ancillary brands and operations; and Covid costs relating to personal protective equipment ("PPE") and social distancing. The prior year comparative figure of £1,351,000 includes: costs of the aborted acquisition of The Guernsey Pub Co; the exit of the Group's Spanish operations; and Covid. In addition to the defined contribution scheme charges above, the Group also made defined benefit pension contributions of £200,000 in 2022 (2021: £150,000).

Notes to the consolidated financial statements (continued)

5 Remuneration of directors

	2022 £'000	2021 £'000
Directors' fees and emoluments	**1,323**	982
Share based payments	-	221
Company contributions to money purchase schemes	51	47
	1,374	1,250

Included within directors' fees and emoluments is an amount of £100,000 paid to a director for compensation of loss of office. Certain share options were forfeited in the year which resulted in the unwind of previous share based payment charges. This resulting credit to profit and loss off-sets the current year charge relating to the remaining share options. Retirement benefits are accruing to three (2021: three) Directors under money purchase pension arrangements.

6 Segment information

IFRS 8 Operating Segments requires operating segments to be identified on the basis of internal reporting on components of the Group that are regularly reviewed by the Directors to allocate resources to the segments and to assess their performance. The Directors currently identify the Group's reportable segments as (i) Retail – comprising the operation and retailing of convenience stores and other retail outlets; and (ii) Property – including the management and associated income of retail and investment properties. Segment performance is evaluated based on trading profit or loss. Share based payment costs, and net finance and tax charges have been included within the unallocated segment.

Year ending 29 January 2022	Retail £'000	Property £'000	Unallocated £'000	Total £'000
Revenue	210,674	-	-	210,674
Rental income	-	2,905	-	2,905
Operating profit/(loss) before investment property revaluations	5,870	934	(128)	6,676
Operating profit/(loss) after investment property revaluations	5,870	2,267	(128)	8,009
Profit/(loss) on ordinary activities before taxation	5,870	2,267	(715)	7,422
Tax on profit on ordinary activities	-	-	(1,873)	(1,873)
Profit/(loss) for the financial year	**5,870**	**2,267**	**(2,588)**	**5,549**

Year ending 30 January 2021	Retail £'000	Property £'000	Unallocated £'000	Total £'000
Revenue	200,380	-	-	200,380
Rental income	-	2,535	-	2,535
Operating profit/(loss) before investment property revaluations	4,023	496	(238)	4,281
Operating profit/(loss) after investment property revaluations	4,023	1,798	(238)	5,583
Profit/(loss) on ordinary activities before taxation	4,023	1,798	(1,092)	4,729
Tax on profit on ordinary activities	-	-	(1,462)	(1,462)
Profit/(loss) for the financial year	4,023	1,798	(2,554)	3,267

Notes to the consolidated financial statements (continued)

7 Earnings per share ("EPS")

	2022	2021
Earnings:		
Earnings for the purpose of basic and diluted EPS (£'000)	**5,549**	3,267
Number of shares:		
Weighted average number of shares for the purpose of basic EPS (number)	**100,000,000**	100,000,000
Basic EPS (pence)	**5.5**	3.3

	2022	2021
Effect of dilutive potential of ordinary shares (number)	**139,988**	7,250,000
Weighted average number of shares for the purpose of diluted EPS (number)	**100,139,988**	107,250,000
Diluted EPS (pence)	**5.5**	3.0

8 Staff numbers and costs

The average number of persons employed by the Group (including Executive Directors) during the year, analysed by category, was as follows:

	2022 Number	2021 Number
Full-time employees	**665**	679
Part-time employees	**302**	288
	967	967

The aggregate payroll costs of these persons were as follows:

	2022 £'000	2021 £'000
Wages and salaries	**23,717**	22,237
Defined contribution pension scheme	**284**	403
	24,001	22,640

Included within wages and salaries are social security costs amounting to £1,355,000 (2021: £1,002,000). The emoluments of the Directors of the Company have been recharged in full to Group undertakings.

Notes to the consolidated financial statements (continued)

9 Finance charges (net)

	Note	2022 £'000	2021 £'000
Interest payable and similar charges		546	755
Loss on derivative financial instruments		19	85
Net interest on defined benefit pension schemes	26	22	14
		587	854
Interest payable and similar charges:			
Bank loans and overdrafts		483	618
Amortisation of debt issue costs		63	137
		546	755

10 Tax on profit on ordinary activities and deferred tax

	2022 £'000	2021 £'000
Current tax		
- Channel Islands tax	1,949	1,547
- Gibraltar tax	24	24
	1,973	1,571
Deferred tax	(100)	(109)
Tax on profit on ordinary activities	1,873	1,462

The differences between the total tax shown above and the amount calculated by applying the standard rates of Channel Islands income tax to the profit before tax is as follows:

	2022 £'000	2021 £'000
Profit on ordinary activities before tax	7,422	4,729
Tax on Group profit on ordinary activities at standard Channel Islands income tax rate of 20% (2021: 20%)	1,484	946
Effects of:		
Gibraltar trading profits taxable at 10%	24	24
Non-qualifying depreciation and amortisation	550	611
Disallowable expenditure and non-taxable income (net)	82	141
Non-taxable revaluations	(267)	(260)
Group total tax charge (current and deferred) for the year	1,873	1,462

Although the general company income tax rate in the Channel Islands is 0%, the significant majority of the Group's profit (retail activity and rental income) is subject to Channel Islands income tax at 20%. Therefore, the tax reconciliation is based on an expected effective rate of tax of 20%.

Notes to the consolidated financial statements (continued)

11 Parent company

The Company has taken advantage of the exemption allowed under the Companies (Jersey) Law 1991 and has not presented its own primary statements in these financial statements.

12 Dividends on equity shares

Amounts recognised as distributions to equity holders in the year:

	2022 £'000	2021 £'000
Dividend paid on 14 June 2021 (2021: 26 September 2020)	1,639	1,500
Dividend paid on 16 December 2021 (2021: 16 December 2020)	1,639	1,496
Total dividends paid in the year	**3,278**	**2,996**

13 Share based payments

The Group has a share option scheme for certain employees of the Group. These fall into two categories: a) exercisable on the earlier of three years, or one of various trigger events if earlier (for example the sale of the Group); and b) exercisable on the earlier of five years, or one of various trigger events if earlier. All options require the payment of cash to exercise the option, in return for which equity is issued.

Details of the share options outstanding at the end of the year are as follows:

	29 January 2022		30 January 2021	
	Number of options	Weighted average exercise price (pence)	Number of options	Weighted average exercise price (pence)
Outstanding at beginning of the year	7,250,000	82.5	7,250,000	82.5
Options granted in prior years	500,000	82.5	-	-
Options granted during the year	2,000,000	85.0	-	-
Options forfeited during the year	(3,250,000)	82.5	-	-
Outstanding at end of the year	**6,500,000**	**83.3**	**7,250,000**	**82.5**
Exercisable at the end of the year	-	-	-	-

The options outstanding at 29 January 2022 had a weighted average exercise price of 83.3 pence (2021: 82.5 pence). All options granted have a 10 year expiry date. The aggregate of the estimated fair values of the options outstanding as at 29 January 2022 is £969,000.

Notes to the consolidated financial statements (continued)

13 Share based payments (continued)

The inputs into the Black Scholes model are as follows:

	2022	2021
Weighted average share price (pence)	**79.0**	75.0
Weighted average exercise price (pence)	**83.3**	82.5
Expected volatility	**25.00%**	25.00%
Expected life	**3-5 years**	3-5 years
Risk-free rate	**0.78%**	0.78%
Expected dividend yield	**4.00%**	4.00%

Expected volatility was determined by calculating the historical volatility of the share prices of a basket of retail shares. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

The share based remuneration in equity-settled schemes was a charge of £21,509 (2021: £237,564).

3,250,000 options are exercisable on the earlier of three years or certain trigger events. The unexpired term of these options to their three-year anniversary is 1.1 years. 3,250,000 options are exercisable on the earlier of five years or certain trigger events. The unexpired term of these options to their five-year anniversary is 3.1 years.

14 Intangible fixed assets

	Note	Goodwill £'000	Other £'000	Total £'000
Cost				
At 30 January 2021		50,179	149	**50,328**
Acquired on a business combination	30	744	76	**820**
At 29 January 2022		**50,923**	**225**	**51,148**
Amortisation				
At 30 January 2021		25,620	103	**25,723**
Charge for the year		1,542	8	**1,550**
At 29 January 2022		**27,162**	**111**	**27,273**
Net book value at 29 January 2022		**23,761**	**114**	**23,875**
Net book value at 30 January 2021		24,559	46	**24,605**

Goodwill arising on consolidation is being amortised over the Directors' estimate of its useful life of 20 years. The estimate is based on a variety of factors, the principal factors being the longstanding nature and reputation of the businesses acquired within the Channel Islands and assumptions that market participants would consider in respect of similar businesses.

Other intangible assets predominantly comprise the rights to operate coffee shops under the Costa brand in certain territories.

Notes to the consolidated financial statements (continued)

15 Tangible fixed assets

	Land and buildings			
	Freehold £'000	Leasehold £'000	Other assets £'000	Total £'000
Cost				
At 30 January 2021	63,600	3,235	20,797	**87,632**
Additions	-	93	1,482	**1,575**
Acquired on a business combination	-	110	461	**571**
Revaluations	3,895	-	-	**3,895**
At 29 January 2022	**67,495**	**3,438**	**22,740**	**93,673**
Depreciation				
At 30 January 2021	-	2,213	11,558	**13,771**
Revaluations	(261)	-	-	**(261)**
Charge for the year	261	222	2,814	**3,297**
At 29 January 2022	**-**	**2,435**	**14,372**	**16,807**
Net book value at 29 January 2022	**67,495**	**1,003**	**8,368**	**76,866**
Net book value at 30 January 2021	63,600	1,022	9,239	73,861

Within freehold land and buildings, the carrying amount comprises:

	2022 £'000	2021 £'000
Investment property at fair value		
Freehold investment property	**28,899**	27,566

The Group's investment properties were revalued on 29 January 2022 at fair value by an independent, professionally qualified valuer. The valuations were undertaken in accordance with the Royal Institution of Chartered Surveyors Appraisal and Valuation Manual. Details on the assumptions made and the key sources of estimation uncertainty are given in note 2.

No reallocation between freehold retail property and investment property was made during the current year (2021: £1,713,000 reallocated from investment property to retail property due to change in use).

The cost of the Group's freehold retail property under the historical cost accounting rules is £35,413,000 (2021: £35,413,000) and written-down value £33,886,000 (2021: £33,886,000).

Notes to the consolidated financial statements (continued)

15 Tangible fixed assets (continued)

The cost of the Group's freehold investment property under the historical cost accounting rules is £21,939,000 (2021: £21,939,000).

Movement in the fair value of investment property is as follows:

	£'000
Investment property at fair value	
At 30 January 2021	27,566
Revaluations	1,333
At 29 January 2022	28,899

16 Fixed asset investments

	Other investments £'000
Cost	
At 29 January 2022 and 30 January 2021	2

17 Stock and work in progress

	2022 £'000	**2021 £'000**
Finished goods and goods for resale	**13,496**	11,990

There is no material difference between the replacement cost of stocks and the amounts stated above.

18 Debtors

	2022 £'000	**2021 £'000**
Trade debtors	**2,591**	2,599
Other debtors	**1,510**	1,530
Prepayments and accrued income	**2,025**	1,613
	6,126	5,742

Notes to the consolidated financial statements (continued)

19 Creditors: amounts falling due within one year

	2022 £'000	2021 £'000
Bank loans	**1,857**	1,857
Other loans	**-**	5
Trade creditors	**20,184**	18,371
Current taxation and social security	**4,276**	4,332
Other creditors	**4,326**	3,250
Accruals and deferred income	**3,614**	3,101
	34,257	30,916

Bank loans

The Group did not draw down the revolving credit facility during the year ended 29 January 2022. The Group drew down the full £5,000,000 of the revolving credit facility on 30 January 2020 and repaid it in full on 2 March 2020.

20 Creditors: amounts falling due after more than one year

	2022 £'000	2021 £'000
Bank loans	**18,279**	20,155
Other loans	**14**	14
	18,293	20,169

Debt issue costs of £85,000 (2021: £148,000) are included within bank loans.

21 Analysis of debt

	2022 £'000	2021 £'000
Debt can be analysed as falling due:		
In one year or less, or on demand	**1,920**	1,925
Between one and two years	**18,312**	1,925
Between two and five years	**-**	18,329
	20,232	22,179
Unamortised debt issue costs	**(85)**	(148)
	20,147	22,031

Debt comprises bank loans, which are secured by way of a variety of charges over properties, insurance policies, bank accounts and other assets owned by the Group and charges over the shares of the Company and its subsidiaries.

In May 2018 the Group refinanced its borrowings with HSBC Bank plc and currently has in place a facilities package including a five-year term loan of up to £23.5m, revolving credit facility of up to £5m and overdraft of up to £3m.

The loan accrues interest at a variable rate of SONIA plus 200 basis points. Capital repayments of £480,000, plus interest, are made quarterly.

Notes to the consolidated financial statements (continued)

22 Provisions for liabilities

	Onerous contracts £'000	Dilapidations £'000	Deferred tax £'000	Total £'000
At 30 January 2021	865	663	567	**2,095**
Utilisation of provision	(269)	(17)	-	**(286)**
Profit and loss (credit)/charge	(180)	(23)	(100)	**(303)**
Unwinding of discount	10	-	-	**10**
At 29 January 2022	**426**	**623**	**467**	**1,516**

Onerous contracts

The Group has provided for all costs, net of anticipated income, that are expected to be incurred relating to operations which are being wound-up. At 29 January 2022 the value of these onerous contracts provisions is £nil (2021: £223,763)

The Group also makes provisions relating to anticipated future costs on long leasehold property which is no longer used to generate cash flows in the business. At 29 January 2022 the value of vacant property provisions is £425,654 (2021: £641,323).

Dilapidations

The dilapidations provision represents the Group's anticipated liability for making good certain leasehold property, as detailed in the respective leases, when the lease term on these properties expires.

23 Called up share capital

	2022 £'000
29 January 2022 and 30 January 2021	
100,000,000 ordinary shares	-

In accordance with the requirements of Jersey law, a nominal value of £nil is ascribed to the shares in issue, with the proceeds of issue being credited to the share premium account.

24 Share premium and reserves

All ordinary shares rank pari passu in all respects as to voting rights, dividends and amounts receivable on a winding-up and have been classified as equity shares for the purposes of these financial statements. All of the Company's expenses during the year were recharged to Group undertakings.

25 Commitments

Fixed asset capital commitments at the end of the financial year, for which no provision has been made, were as follows:

	2022 £'000	2021 £'000
Contracted	**220**	419

Notes to the consolidated financial statements (continued)

25 Commitments (continued)

The Group had minimum lease payments under non-cancellable operating leases as follows:

	2022 Land and buildings £'000	**2021 Land and buildings £'000**
Not later than one year	**7,482**	7,367
Later than one year and not later than five years	**25,954**	26,858
Later than five years	**29,896**	32,605
	63,332	66,830

The Group had minimum lease payments due under non-cancellable operating leases from lessees as follows:

	2022 Land and buildings £'000	**2021 Land and buildings £'000**
Not later than one year	**3,484**	2,975
Later than one year and not later than five years	**7,519**	8,311
Later than five years	**5,464**	6,645
	16,467	17,931

26 Pensions

The Group operates three defined benefit pension arrangements (together the "DB Schemes") and one defined contribution scheme in respect of certain current and former employees (the "DC Scheme").

Provision for the cost of the benefits provided to employees under the DB Schemes was charged to the profit and loss account over the average remaining future service lives of the eligible employees. Details of the individual defined benefit schemes are as follows:

- Ann Street Group Limited Staff Pension and Life Assurance Scheme ("Ann Street Scheme", previously known as "Ann Street Scheme 1");
- Bass (Channel Islands) Limited Employees' Security Plan ("Bass Scheme", previously known as "Ann Street Scheme 2"); and
- Bucktrout & Company Limited Pension and Life Assurance Fund ("Bucktrout Scheme").

In each of the DB Schemes, the benefits provided are based on final salary and length of service on retirement, leaving service or death.

No employees have joined the Bass Scheme subsequent to the business of Bass (Channel Islands) Limited being acquired in 2001 and there have been no further contributions since that date.

As at 31 December 2001, all active members of the DB Schemes transferred to the Ann Street Scheme in respect of subsequent service.

Notes to the consolidated financial statements (continued)

26 Pensions (continued)

The DB Schemes were closed to both new and existing members at 31 December 2005, thereby ceasing the accrual of additional benefits for existing members relating to future service from that date onwards.

Comprehensive actuarial valuations are carried out in respect of each of the DB Schemes at least once every three years to determine whether the DB Schemes' assets are sufficient to meet their liabilities (assessed using actuarial assumptions selected by the trustees of the DB Schemes). Depending on the results of these valuations, the Company may make additional contributions to the Schemes to address any funding shortfall. Contributions of £200,000 are expected to be paid into the Schemes in the next financial year.

The effective dates of the most recently completed comprehensive actuarial valuations of the Schemes were as follows:

- Ann Street Scheme - 1 January 2020;
- Bass Scheme - 1 April 2020; and
- Bucktrout Scheme - 1 January 2020.

The DB Schemes have been reviewed by independent actuaries to support the accounting and disclosure requirements of FRS 102 as at 29 January 2022, using the following assumptions:

	2022 %	2021 %
Rate of increase in pensions in payment	**2.7**	3.0
Discount rate	**2.2**	1.4
Jersey Retail Prices Index inflation	**3.8**	3.1

Mortality assumptions regarding future life expectancies at age 65 in respect of the DB schemes.

	2022 Years	2021 Years
Male currently aged 45 years	**23.2**	23.3
Female currently aged 45 years	**25.7**	25.7
Male currently aged 65 years	**21.9**	21.9
Female currently aged 65 years	**24.3**	24.3

The disclosures have been made on a combined basis for all three schemes.

The Group contributed £283,793 (2021: £253,197) to the DC Scheme in respect of Channel Islands and United Kingdom employees.

Notes to the consolidated financial statements (continued)

26 Pensions (continued)

The assets of the DB Schemes at the review date, excluding annuities in payment, may be broken down as follows:

	2022 Percentage of total assets %	2021 Percentage of total assets %
Insurance policy	**30.2**	30.4
Equities	**35.5**	32.1
Gilts	**3.1**	2.8
Corporate bonds	**12.1**	16.2
Gilt strips	**10.0**	10.2
Cash	**8.2**	7.6
Other	**0.9**	0.7
	100.0	100.0

	2022 £'000	2021 £'000
Fair value of assets	**12,596**	12,619
Present value of funded obligations	**(11,947)**	(14,313)
Net defined benefit asset/(deficit)	**649**	(1,694)

The DB Schemes' assets do not include any direct investment in the Group. The net pension asset consists of surpluses in two schemes and a deficit in the third as follows: Ann Street Scheme surplus £1,031,000 (2021: surplus £244,000); Bass Scheme deficit £384,000 (2021: deficit £578,000); Bucktrout Scheme surplus of £2,000 (2020: deficit £1,360,000).

Annuities in respect of insured pensioner policies in the Ann Street Scheme have not been included in the fair value of its assets nor the present value of its funded obligations. These policies have not been formally valued. The actuary estimates that the asset and matching liability could be in the region of £7m. Their omission has no impact on the net deficit of the Schemes. The total pension cost was as follows:

Amounts recognised in the statement of profit and loss

	2022 £'000	2021 £'000
Liabilities extinguished on settlements	**180**	-
Assets distributed on settlements	**(242)**	-
Recognised in the statement of profit and loss	**(62)**	-

Notes to the consolidated financial statements (continued)

26 Pensions (continued)

Amounts charged to net finance charges

	2022 £'000	2021 £'000
Expected return on DB Schemes' assets	**174**	221
Interest on DB Schemes' liabilities	**(196)**	(235)
Total charge to net finance charges	**(22)**	(14)

Amounts recognised in the consolidated statement of comprehensive income

	2022 £'000	2021 £'000
Difference between expected return and actual return on DB Schemes' assets	**462**	116
Experience gain/(loss) arising on DB Schemes' liabilities	**1,765**	(1,049)
Actuarial gains/(losses) recognised in the statement of comprehensive income	**2,227**	(933)

History of experience gains and losses

	2022 £'000	2021 £'000	2020 £'000	2019 £'000	2018 £'000
Fair value of DB Schemes' assets	**12,596**	12,619	13,687	13,979	14,547
Present value of DB Schemes' liabilities	**(11,947)**	(14,313)	(14,584)	(13,812)	(15,066)
Surplus/(deficit) in the DB Schemes	**649**	(1,694)	(897)	167	(519)
Difference between expected and actual return on DB Schemes' assets	**462**	116	(897)	(104)	517
Experience gain/(loss) arising on DB Schemes' liabilities	**1,765**	(1,049)	(1,557)	604	(527)

Movement in surplus/(deficit) during the year

	2022 £'000	2021 £'000
Opening deficit of the DB Schemes	**(1,694)**	(897)
Interest on DB Schemes liabilities	**(196)**	(235)
Expected return on DB Schemes' assets	**174**	221
Employer contributions	**200**	150
Cost of settlements	**(62)**	-
Actuarial gains/(losses)	**2,227**	(933)
Closing asset surplus/(deficit) of the DB Schemes	**649**	(1,694)

Notes to the consolidated financial statements (continued)

26 Pensions (continued)

Movement in the DB Schemes' assets during the year

	2022 £'000	2021 £'000
Fair value of the DB Schemes' assets brought forward	**12,619**	13,687
Benefits paid and expenses (where applicable)	**(617)**	(1,555)
Expected return on DB Schemes' assets	**174**	221
Employer contributions	**200**	150
Assets distributed on settlements	**(242)**	-
Gain on assets in excess of interest	**462**	116
Closing assets of the DB Schemes	**12,596**	12,619

Movement in the DB Schemes' liabilities during the year

	2022 £'000	2021 £'000
Fair value of the DB Schemes' liabilities brought forward	**(14,313)**	(14,584)
Benefits paid and expenses (where applicable)	**617**	1,555
Interest on DB Schemes' liabilities	**(196)**	(235)
Liabilities extinguished on settlements	**180**	-
(Increase)/decrease in liabilities due to changes in assumptions	**1,765**	(1,049)
Closing liabilities of the DB Schemes	**(11,947)**	(14,313)

Composition of plan liabilities

	2022 £'000	2021 £'000
DB Schemes wholly or partly funded	**(11,947)**	(14,313)

27 Financial instruments

The Group's financial instruments may be analysed as follows:

	2022 £'000	2021 £'000
Financial assets measured at amortised cost	**10,608**	8,526
Financial liabilities measured at amortised cost	**48,274**	46,917

Financial assets measured at amortised cost comprise cash, trade debtors and other debtors. Financial liabilities measured at amortised cost comprise bank and other loans, trade creditors, other creditors and accruals.

Notes to the consolidated financial statements (continued)

28 Related party disclosures

Key management personnel comprise all directors who together have authority and responsibility for planning, directing and controlling the activities of the Group. The compensation paid to key management personnel for services provided to the Group is disclosed in note 5. In addition to the figures in note 5, employer social security contributions of £22,006 (2021: £17,904) were paid in relation to key management personnel. There were no amounts due to key management personnel at the end of the year (2021: £nil).

Jon Ravenscroft is the Group Chief Executive Officer and a significant shareholder of Ravenscroft Holdings Limited, which is the parent company of Ravenscroft (CI) Limited ("RL-CI"), Ravenscroft Specialist Fund Management Limited ("RSFML") and Ravenscroft Consultancy & Listing Services Limited ("RCLSL"). RSFML is the investment manager of Bailiwick Investments Limited, which held 29.99% of the Company's ordinary shares at the financial year end. RCLSL acts as listing sponsor and consultant to the Company. RL-CI acts as market maker to the Company.

Two of the Company's Directors were paid fees of £62,500 (of which £12,500 was for advisory services) for acting as Non-Executive Directors (2021: two Directors; £66,250; of which £16,250 was for advisory services). RCLSL and RL-CI were paid annual fees totalling £75,000 in the year (2021; £75,000).

The Group leases certain properties from companies owned by a trust of which one of the beneficiaries is also a shareholder of the Company. Rent payable to these companies was £2,225,150 (2021: £2,023,596).

Shareholders were paid dividends totalling £3,277,914 during the year (2021: £2,995,506).

29 Principal subsidiaries

The Company is the beneficial owner of all the equity share capital of a number of companies, the principal one being:

Name

Citriche Limited

Place of incorporation and location of business

Jersey

Principal activity

Retail and distribution of consumer goods.

The undertaking listed above is a subsidiary undertaking. A full list of subsidiary undertakings is available on application to the Company Secretary.

Notes to the consolidated financial statements (continued)

30 Business combinations

On 3 September 2021 the Group acquired 70% of the ordinary share capital of Big Red Limited for a total cash consideration of £1,700,158. In calculating goodwill arising on the acquisition, the fair value of net assets of the Red Group have been assessed and adjustments from book value have been made where appropriate.

	2022 Book and fair value £'000
Total purchase consideration (including directly attributable expenses of £49,409)	1,700
Tangible fixed assets	571
Intangible fixed assets	76
Stock	265
Cash	768
Debtors and prepayments	268
Creditors	(582)
Net assets	1,366
Non-controlling interests	(410)
Net assets less non-controlling interest	956
Goodwill	744

The goodwill is being amortised over a useful life of 20 years (see note 1).

Purchase of business combinations (net of cash), as within the cash flow statement, totalled £932,000 being the total purchase consideration less cash acquired.

Since the acquisition date, the Red Group has contributed £1,554,000 to the Group's revenue and £265,000 to operating profit.

Notes to the consolidated financial statements (continued)

31 Controlling party

The Directors are of the opinion that there is no immediate or ultimate controlling party of the Company.

32 Non-controlling minority interests

Non-controlling minority interests relate to two subsidiary undertakings.

On 18 December 2020 the Group divested a proportion of one of its subsidiary companies. Consideration for this transaction included shares in the Group's parent company which were procured by a newly established Employee Benefits Trust at a price of 75 pence per share. These shares are included within the own share reserve within equity.

On 3 September 2021 the Group completed the acquisition of 70% of the ordinary share capital of Big Red Limited. The Red Group operates three restaurants in St Peter Port, Guernsey. This gave rise to an additional non-controlling minority interest of £409,741.

Movement in non–controlling minority interest during the year

	2022 £'000
Non-controlling minority interests as at 30 January 2021	469
On acquisition of subsidiary	410
Non-controlling share of profit in the year	33
Closing non–controlling minority interest	**912**

33 Events after the end of the reporting period

The Directors declared a dividend of 1.65 pence per share, totalling £1,638,957, which was approved by the Board on 11 May 2022 and will be paid on 14 June 2022.

SandpiperCI

LOCALLY OWNED. LOCALLY MANAGED.